SaskPower Supplementary Superannuation Plan

Annual Report for 2015

saskatchewan.ca

Government of Saskatchewan

Table of Contents

Letters of Transmittal 2

Introduction 3

Enrolment 3

Banked Days Earned 3

Interest 3

Benefits 3

Management's Report 4

Actuarial Opinion 5

Financial Statements

- Independent Auditor's Report 6
- Statement of Financial Position 7
- Statement of Changes in Net Assets Available for Benefits 8
- Notes to the Financial Statements 9

Letters of Transmittal

Her Honour, The Honourable Vaughn Solomon Schofield
Lieutenant Governor of the Province of Saskatchewan

May it Please Your Honour:

I have the honour to transmit herewith the Annual Report of the SaskPower Supplementary Superannuation Plan for the year ending December 31, 2015.

Kevin Doherty
Minister of Finance

The Honourable Kevin Doherty
Minister of Finance

Sir:

On behalf of the Public Employees Benefits Agency, I have the honour to transmit herewith the Annual Report of the SaskPower Supplementary Superannuation Plan for the year ending December 31, 2015.

Dave Wild
Associate Deputy Minister
Public Employees Benefits Agency
Ministry of Finance

Saskatchewan Power Corporation SaskPower Supplementary Superannuation Plan

Introduction

The Saskatchewan Power Corporation (SaskPower; the Corporation) established the SaskPower Supplementary Superannuation Plan (the Plan) on January 1, 1988 for the purpose of providing superannuation benefits under this Plan to SaskPower employees enrolled in the Plan (the Participants).

The Plan is not registered as a pension plan under the *Income Tax Act* (Canada). The Corporation has not established a trust nor does it hold property for the specific purpose of providing benefits to the Participants. Benefits are funded out of current operations of the Corporation.

SaskPower was the administrator of the Plan from January 1, 1988 to March 14, 2000. On March 14, 2000, an Order in Council designated the Public Employees Benefits Agency (PEBA) as the administrator of the Plan

Enrolment

To enroll in the Plan, eligible SaskPower employees (Management Band 5 and up) must annually agree, in writing, to forego their entitlement to 13 banked days off in return for Plan benefits.

As at December 31, 2015 there were 240 (2014 – 216) active Participants in the Plan and 99 (2014 – 81) retired or terminated Participants who received benefits from the Plan.

Banked Days Earned

On an annual basis, the notional account of each Participant is credited with a sum equal to 15 days of a Participant's salary. The crediting of each sum is deemed to occur on January 1 of each year. In addition the Plan may, from time to time, credit each Participant's notional account with such additional amounts as it deems appropriate.

The notional account of each Participant represents a contribution receivable from SaskPower. Notwithstanding the above, in no event shall any amount credited under the Plan be in lieu of compensation payable during the year or a previous year.

Interest

On December 31 of each year, the Plan credits each active participant's notional account with an additional amount equal to the greater of:

i. The average rate of interest paid during the year on one-year Guaranteed Investment Certificates (GICs) Series V122524 as reported by the Bank of Canada. For this purpose, the rate of interest paid on one year GICs on the first business day of each month shall be used to determine the average rate of interest paid on GICs; or

ii. The annual investment return on the Public Employee Pension Plan balanced fund for the year ended December 31.

The rate used to calculate the interest credited to the Plan during 2015 was 4.9 per cent (2014 – 25.0 per cent).

Benefits

A Participant's benefit entitlement date is normally January 31 of the year following the year in which the Participant terminates active service with the Corporation.

Upon termination of active service, Participants elect how superannuation benefits are to be paid. In the event of termination of service with the Corporation, the Corporation on behalf of the Plan, may pay a Participant's superannuation benefits in a lump sum. In no circumstances shall superannuation benefits under this Plan be paid over a period exceeding five years.

Management's Report

To the Members of the Legislative Assembly of Saskatchewan

As administrators of the SaskPower Supplementary Superannuation Plan, we are responsible for the preparation and presentation of the following financial statements in accordance with Canadian Accounting Standards for Pension Plans as outlined in the CPA Canada Handbook, section 4600, pension plans. For matters not addressed in section 4600, International Financial Reporting Standards (IFRS) have been followed.

The significant accounting policies adopted in the preparation of the financial statements are fully and fairly disclosed in the financial statements.

We believe the SaskPower Supplementary Superannuation Plan has a system of internal control adequate to provide reasonable assurance that the accounts are faithfully and properly kept to permit the preparation of accurate financial statements in accordance with Canadian Accounting Standards for Pension Plans.

Enclosed are the financial statements of the Saskatchewan Power Supplementary Superannuation Plan for the year ended December 31, 2015 and the Provincial Auditor's report on these financial statements.

Regina, Saskatchewan
March 31, 2016

Dave Wild
Associate Deputy Minister
Public Employees Benefits Agency
Ministry of Finance

SaskPower Supplementary Superannuation Plan

Financial Statements

Year Ended December 31, 2015

PROVINCIAL AUDITOR
of Saskatchewan

Independent Auditor's Report

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of the Saskatchewan Power Corporation Supplementary Superannuation Plan, which comprise the statement of financial position as at December 31, 2015, and the statement of changes in net assets available for benefits for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Saskatchewan Power Corporation Supplementary Superannuation Plan as at December 31, 2015, and the changes in net assets available for benefits for the year then ended in accordance with Canadian accounting standards for pension plans.

Judy Ferguson

Regina, Saskatchewan
March 31, 2016

Judy Ferguson, FCPA, FCA
Provincial Auditor

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Saskatchewan Power Corporation Supplementary Superannuation Plan **Statement 1**
Statement of Financial Position

As At December 31	(in thousands) 2015	2014
Assets		
SaskPower Contribution Receivable	$30,161	$30,441
Total Assets	30,161	30,441
Net Assets Available for Benefits	$30,161	$30,441

(See accompanying notes to the financial statements)

Saskatchewan Power Corporation Supplementary Superannuation Plan **Statement 2**
Statement of Changes in Net Assets Available For Benefits

Year Ended December 31

	(in thousands) 2015	2014
Increase in Assets		
Banked Days Earned	$ 1,869	$ 1,707
Interest Earned	1,416	6,089
Other Contributions	50	70
Total Increase in Assets	3,335	7,866
Decrease in Assets		
Superannuation Benefits	3,615	2,473
Total Decrease in Assets	3,615	2,473
(Decrease) Increase in Net Assets	(280)	5,393
Net Assets Available for Benefits, Beginning of Year	30,441	25,048
Net Assets Available for Benefits, End of Year	$30,161	$30,441

(See accompanying notes to the financial statements)

Saskatchewan Power Corporation Supplementary Superannuation Plan
Notes to the Financial Statements

December 31, 2015

1. Description of the Plan

The Saskatchewan Power Corporation (SaskPower; the Corporation) established the SaskPower Supplementary Superannuation Plan (the Plan) on January 1, 1988 for the purpose of providing superannuation benefits under this Plan to SaskPower employees enrolled in the Plan (the Participants).

The Plan is not registered as a pension plan under the *Income Tax Act* (Canada). The Corporation has not established a trust nor does it hold property for the specific purpose of providing benefits to the Participants. Benefits are funded out of current operations of the Corporation.

On March 14, 2000, an Order in Council designated the Public Employees Benefits Agency (PEBA) as the administrator of the Plan.

The following description is a summary only. For more complete information, reference should be made to the Plan document.

Enrolment

To enroll in the Plan, eligible SaskPower employees (Management Band 5 and up) must annually agree, in writing, to forego their entitlement to 13 banked days off in return for Plan benefits.

As of December 31, 2015, the Plan had 240 (2014 – 216) active Participants and 99 (2014 – 81) retired or terminated Participants who received benefits from the Plan.

Banked Days Earned

On an annual basis, the Plan credits the notional account of each active Participant with a sum equal to 15 days of a Participant's salary. The crediting of each sum is deemed to occur on January 1 of each year. In addition, the Plan may, from time to time, credit each Participant's notional account with such additional amounts as it deems appropriate. Notwithstanding the above, in no event shall any amount credited under the Plan be in lieu of compensation payable by SaskPower during the year or a previous year.

The notional account of each Participant represents a contribution receivable from SaskPower.

Interest Earned

On December 31 of each year, the Plan credits each active Participant's notional account with an additional amount equal to the greater of:

i. The average rate of interest paid during the year on one-year Guaranteed Investment Certificates (GICs) Series V122524 as reported by the Bank of Canada. For this purpose, the rate of interest paid on one-year GICs on the first business day of each month shall be used to determine the average rate of interest paid on GICs; or

ii. The annual investment return on the Public Employee Pension Plan balanced fund for the year ended December 31.

The rate used to calculate the interest credited to the Plan during 2015 was 4.9 per cent (2014 – 25.0 per cent).

Other Contributions

The Corporation may credit each Participant account with such additional amounts as it deems appropriate.

Benefits

A Participant's benefit entitlement date is normally January 31 of the year following the year in which the Participant terminates active service with the Corporation.

Upon termination of active service, Participants elect how superannuation benefits are to be paid. In the event of termination of service with the Corporation, the Corporation, on behalf of the Plan, may pay a Participant's superannuation benefits in a lump sum. In no circumstances shall superannuation benefits under this Plan be paid over a period exceeding five years.

2. Basis of Preparation and Significant Accounting Policies

The financial statements have been prepared in accordance with Canadian accounting standards for pension plans as outlined in the CPA Handbook, section 4600, Pension Plans. For matters not addressed in Section 4600, International Financial Reporting Standards (IFRS) have been followed.

The following accounting policies are considered significant:

a) Basis of measurement

The financial statements have been prepared on the historical cost basis.

b) Financial instruments

All financial instruments are measured at fair value on initial recognition and recorded on the statement of financial position. Financial instruments classified as loans and receivables are subsequently measured at amortized cost. The SaskPower contribution receivable, a financial instrument, has been classified in the loans and receivable category. As described in Note 4, the fair value of this receivable is its carrying value.

c) **New standards and interpretations not yet adopted**

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2015, and have not yet been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements on the Plan.

3. Related Parties

SaskPower and PEBA are related to the Plan by virtue of common control by the Government of Saskatchewan.

The Plan has received use of office space and administrative services from SaskPower at no charge. Additionally, PEBA provides administrative services to the Plan for an administration fee which is paid by SaskPower.

4. Fair Value

The fair value of the SaskPower contribution receivable is its carrying value. As benefits are funded out of current operations of SaskPower, the Plan's financial risks relate primarily to credit risk. The maximum credit risk to which it is exposed at December 31, 2015, is limited to the carrying value of its contribution receivable from SaskPower.

5. Statement of Changes in Accrued Benefits Obligation

A statement of changes in accrued benefits obligation has not been presented in these financial statements as there is no pension obligation presented.